HORNED CATTLE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2008

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Horned Cattle Fund as at March 31, 2008 and the statements of revenues, expenses and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2008 and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 16, 2008

Fred Wendel, CMA, CA
Provincial Auditor

Statement 1

HORNED CATTLE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2008	2007
Financial Assets:		
Due from General Revenue Fund (Note 3)	$ 170,336	$ 127,554
Accounts receivable (Note 6)	106,277	46,113
Accrued interest receivable	1,475	1,440
	$ 278,088	$ 175,107
Liabilities:		
Accounts payable and accrued liabilities	$ 101,598	$ 21,500
Net financial assets (Statement 2)	$ 176,490	$ 153,607

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

	Budget 2008 (Note 8)	Actual 2008	Actual 2007
Revenues			
Deductions	$ 90,000	$ 76,082	$ 78,586
Less: commissions	1,350	1,279	1,349
Net deductions	88,650	74,803	77,237
Cattle sales (Note 7)	215,000	106,719	120,720
Rental of Cattle	27,000	---	---
Interest revenue (Note 3)	5,000	5,015	5,224
Total revenue	335,650	186,537	203,181
Expenses			
Grants	80,000	59,750	71,515
Cattle Research (Note 7)	155,000	86,620	120,720
Administration (Note 10)	15,100	15,000	15,000
Advisory committee honoraria and travel	2,500	2,284	1,444
Other	---	---	652
Total expenditures	252,600	163,654	209,331
Surplus (deficit) for the year	$ 83,050	22,883	(6,150)
Net financial assets, beginning of year		153,607	159,757
Net financial assets, end of year (Statement 1)		$ 176,490	$ 153,607

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2008	2007
Cash flows from (used in) operating activities:		
Receipts from deductions	$ 80,408	$ 71,550
Receipts from cattle sales	40,951	125,288
Interest and other receipts	4,980	5,263
Payments to suppliers and Advisory committee	(18,557)	(142,757)
Grant payments	(65,000)	(74,515)
Cash flows from (used in) operating activities	42,782	(15,171)
Net increase (decrease) in cash and cash equivalents	42,782	(15,171)
Due from General Revenue Fund, beginning of year	127,554	142,725
Due from General Revenue Fund, end of year	$ 170,336	$ 127,554

(See accompanying notes to the financial statements)

HORNED CATTLE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2008

1. Legislative Authority

The Horned Cattle Fund (Fund) continues under *The Horned Cattle Purchases Act* (Act). The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all grant payments from the Fund subject to the approval of the Minister of Agriculture.

Dealers purchase cattle with horns from producers at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers to pay the producers' market price less $2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regulations, 1983* requires dealers to remit the $2.00 deducted for each head of cattle less a $0.03 per head dealer commission to the Fund.

On June 20, 2002, *The Horned Cattle Purchases Amendment Act, 2002* (Act) was assented to by the Lieutenant Governor of Saskatchewan. This Act contains amendments to the current legislation. Under these amendments, the deductible amount will increase from $2 per head to $10 per head for cattle sold with horns. The increase will be effective when the Act is proclaimed. The Act has not yet been proclaimed.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. The following accounting policies are considered significant.

a) Revenue

Deductions revenue and related commissions are recognized when the cattle are sold.

b) Grants

Grants are recorded when approved and when the eligibility criteria, if any, have been met by the recipient.

c) Grant refunds

Occasionally, grant recipients voluntarily return unused grant funds. Grant refunds are recorded as revenue when they are received.

d) Cattle Sales

Cattle are sold on a regular basis from the Fund's cattle herd which are located at the Western Beef Development Centre (WBDC), a division of the Prairie Agricultural Machinery Institute (PAMI). The revenue is recognized as the cattle are sold.

3. Due from General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 2007-2008 is 4.08% (2007 - 4.15%).

4. Fund Cattle Herd

The Fund has 244 head of cattle at March 31, 2008. The Fund records the cost of the cattle at nil because the cattle were donated in prior years. The estimated realizable value of the cattle herd at year-end is $143,589 (2007 - $277,231).

5. Commitments

At year-end, the Fund's Advisory Committee approved future grant expenditures totalling $45,000 for future projects (2007 - $37,750). Included in this amount is $30,000 (2007-$30,000) committed to the University of Saskatchewan.

6. Swift Current Project

The Swift Current Project was established under a 1998 agreement with Agriculture Canada which expired on October 31, 2003. A new agreement was made on November 1, 2003 which expires on October 31, 2008. Under the agreement, Agriculture Canada carries out beef forage research on cattle provided by the Fund at the beginning of the project to the Swift Current Research Station (Station). The Station uses proceeds from the sale of cattle to pay for feed and care of the cattle that it uses in its research. Upon termination of the agreement, the Station will pay $30,000 to the Fund and the remaining assets will revert to Agriculture Canada. Included in the Fund's accounts receivable is $30,000 receivable from the Station.

All activities related to the cattle are those of the Station and are not shown in these financial statements.

7. Prairie Agricultural Machinery Institute (PAMI)

The Fund has an agreement with PAMI (a related party) for the use of the Fund's herd of cattle. PAMI is responsible for the care, feeding, housing and management of the herd. In September 2007, an agreement was entered into whereby PAMI shall return to the

Province or arrange for the sale of 100 cows per year at the option of the Province. The proceeds from the sale of the cows and calves belong to the Fund. Per the agreement, the Fund returns proceeds from the sale of the Horned Cattle Fund calves to PAMI.

During the year, the Fund returned proceeds from the sale of calves to PAMI totalling $86,620 (2007 - $120,720).

8. Budget

The Advisory Committee approved the 2007-2008 budget on January 18, 2007.

9. Financial Instruments

Accounts receivable, accrued interest receivable and accounts payable and accrued liabilities are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value.

The Fund is exposed to credit risk from the potential non-payment of accounts receivable. However, some of the receivables were collected shortly after year-end, reducing its credit risk.

10. Related Party Transactions

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as ministries, corporations, agencies, boards and commissions under common control of the Government of Saskatchewan.

Livestock Services Revolving Fund provided administrative services to the Fund for an annual fee of $15,000 (2007 - $15,000). In addition, the Fund made grants to the University of Saskatchewan totalling $30,000 (2007 - $37,500).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

HORNED CATTLE FUND
DETAILED LIST OF EXPENSES (UNAUDITED)
For the Year Ended March 31

	2008	2007
Personal Services:		
Board member costs	$ 660	$ 1,444
Grants:		
University of Saskatchewan:		
Project Funding	30,000	15,000
Veterinary Infectious Disease Organization	---	22,500
Farm Animal Council of Saskatchewan	5,000	2,500
Saskatchewan Society for Prevention of Cruelty to Animals	12,000	10,000
Saskatchewan Agriculture Hall of Fame	500	500
Deep South Animal Clinic	2,250	11,015
Canadian Western Agribition	10,000	10,000
	59,750	71,515
Supplier Payments:		
Prairie Agricultural Machinery Institute	86,620	120,720
Payees under $50,000	16,624	15,652
	103,244	136,372
	$ 163,654	$ 209,331